

**PUBLIC HOUSING DEMOLITION, SITE REVITALIZATION, AND  
REPLACEMENT HOUSING GRANTS**

(HOPE VI)

**FY 1998 REVITALIZATION GRANT AGREEMENT**

This Grant Agreement is made by and between the United States Department of Housing and Urban Development ("HUD") and the recipient ("Grantee") identified in block 7 of the cover sheet ("Cover Sheet") of this Grant Agreement (Form HUD-1044). The Grantee received a HOPE VI Revitalization grant in fiscal year 1998, for the public housing development that is the subject of this Grant Agreement ("Development"), and which is identified in block 16 of the Cover Sheet.

HUD agrees, subject to the terms of this Grant Agreement, to provide grant funds to the Grantee, in the total amount listed in block 14 of the Cover Sheet, for the revitalization activities described in the HOPE VI Application (as defined in Article II hereof). The assistance which is the subject of this Grant Agreement is made under the Public Housing Demolition, Site Revitalization, and Replacement Housing Grant Program (which is a continuation, in modified form, of the HOPE VI program; "HOPE VI"), as authorized by the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1998 ("the FY 98 Act"). (The HOPE VI program was originally created under the Departments of Veterans Affairs, Housing and Urban Development, and Independent Agencies Appropriations Act, 1993, Public Law 102-389, approved on October 6, 1992.)

This Grant Agreement is governed by, and the HOPE VI Application and Revitalization Plan is subject to the FY 98 Act, as the same may be amended or revised from time to time. In addition, all activities under the HOPE VI Application and Revitalization Plan which are funded with HOPE VI funds are subject to the following: (a) any regulations, Handbooks or Notices now or hereafter issued by HUD relating to (i) HOPE VI, (ii) any authorization legislation to which HOPE VI is conformed, (iii) section 5 ("Section 5") or section 14 ("Section 14") of the United States Housing Act of 1937 ("1937 Act") which establish the eligible expenditures under HOPE VI, or (iv) otherwise, the revitalization activities for which grant funds will be expended; (b) 24 CFR part 85 (administrative requirements) as hereinafter provided; (c) the cost principles of Office of Management and Budget ("OMB") Circular A-87; and (d) all other applicable Federal requirements, including, without limitation, those set forth in Article XV. All of the foregoing requirements in this paragraph, as they may govern or relate to various activities under the HOPE VI Application are hereinafter collectively referred to as "HOPE VI Requirements."

The Grantee's HOPE VI Application and any subsequently submitted Revitalization Plan that is approved by HUD, shall be incorporated into this Grant Agreement. The Grant Agreement also incorporates the Cover Sheet and the Exhibit attached hereto.

HUD and the Grantee hereby agree to be bound by the following terms and conditions of this Grant Agreement:

ARTICLE I. Overall Program Objectives and Approach.

1. HOPE VI is intended to foster innovative and comprehensive approaches to the problems of severely distressed public housing developments and their residents, including new ways for public housing authorities and HUD to work together, in collaboration with residents. The intention is to address the current problems and pursue successful solutions in the boldest and most effective manner possible. Public housing is at a critical juncture. Low-income families residing in severely distressed public housing developments are suffering from enormous stress. Many of the communities in which these developments are situated are severely stressed as well. The parties to this Grant Agreement understand that the HOPE VI Application and the Grantee's Revitalization Plan present an opportunity to redress the problems of severely distressed public housing and to produce mixed-income communities which will inspire their residents and their neighbors, and lead to self-sufficiency of the residents.

2. The developments to be revitalized under HOPE VI do not suffer from a single set of problems and will not be revitalized by a single set of measures. Effective solutions will grow from local experience and the effective collaboration of the Grantee with residents, neighbors, the private sector, local governments, service providers and others. Further, effective solutions will grow out of innovation and diverse approaches. HUD intends to respect local decisions to the fullest extent possible under existing laws. At the same time, however, the Grantee recognizes that HUD has the obligation to ensure that federal funds are spent in accordance with law and in a manner reasonably calculated to develop revitalized communities sustainable over a long term.

3. HOPE VI is intended to address the condition of people in public housing developments, and not merely the bricks and mortar. The parties will emphasize community and supportive services, as well as other means appropriate to each community, so as to have the broadest possible effect to meet the social and economic needs of the residents and the surrounding community and to achieve self-sufficiency for the residents and educational achievement for their children with quantitative goals and measurable results.

4. Grantees are encouraged to develop solutions which "leverage" HOPE VI funds and use other private and/or governmental funds in order to create additional affordable and/or market rate rental and homeownership housing in which the HOPE VI units may be blended. Grantees should increase the opportunity of public housing residents to live in communities of choice, including settings offering diversity with respect to income and race. Grantees should pursue solutions which utilize efficient and economical methods of development, program or construction management, finance, and housing management, including methods which may not typically be employed in public housing.

## ARTICLE II. HOPE VI Application and Revitalization Plan

1. For purposes of this Grant Agreement, the term "HOPE VI Application" means the Grantee's application submissions made in response to the Notice of Funding Availability ("NOFA"), published in the Federal Register on March 31, 1998; together with approved submissions permitted after the effective date of this Grant Agreement (including, without limitation, the Revitalization Plan, as defined below), waiver requests, certifications, approvals, assurances and any information or documentation required to meet any terms and conditions of this Grant Agreement.

2. For the purposes of this Grant Agreement, the term "Revitalization Plan" which includes the Community and Supportive Services Plan, means the activities permitted to be carried out by the FY 98 Act, as set forth in the Application, to be submitted by the Grantee to HUD in accordance with paragraph 3 of this Article, as amended and approved in writing by HUD; and as the activities thereunder are, or may be, supplemented, modified or amended from time to time in accordance with:

(a) the provisions of this Grant Agreement;

(b) any approved proposal subsequently submitted under 24 CFR part 941, which is consistent with the Revitalization Plan as previously approved (or as amended in accordance with Article III of this Grant Agreement, if necessary); or

(c) any other written approval by HUD; whether those activities are funded from the HOPE VI grant or from other sources. At any point in time the term "Revitalization Plan" refers to the Revitalization Plan as amended or supplemented (with HUD's approval as necessary) through that point in time.

3. (a) The Grantee must submit to HUD, within 120 days from the effective date of this Grant Agreement, a Revitalization Plan acceptable to HUD incorporating the requirements specified in writing by HUD concurrently with execution of this Grant Agreement. The Revitalization Plan, among other provisions, must include a program schedule ("Program Schedule") which establishes dates for specified interim performance measures as required by HUD. Execution of a general contractor's agreement ("GC Contract"), and commencement of construction activities thereunder, must be accomplished within 18 months from the date of HUD's written approval of the Revitalization Plan; but in no event may such time period exceed 24 months from the date of execution of the Grant Agreement. Completion of construction under the GC Contract must be accomplished within 48 months from the date of HUD's written approval of the Revitalization Plan; but in no event may such time period for completion exceed 54 months from the date of execution of the Grant Agreement. (The Demolition/Disposition Application does not need to be resubmitted under this subparagraph.)

(b) If the Revitalization Plan submitted in accordance with subparagraph (a) includes a mixed-finance development, the Grantee also will submit to HUD an acceptable proposal ("Mixed-Finance Proposal") under 24 CFR 941, subpart F ("Subpart F") by the time specified in the Program Schedule. Upon approval of the Mixed-Finance Proposal by HUD, the Mixed-Finance Proposal will be deemed incorporated by this reference into the Revitalization Plan, to the extent it is consistent with the Revitalization Plan. If the Mixed-Finance Proposal is inconsistent with the Revitalization Plan, the Grantee separately must request an amendment to the Revitalization Plan in accordance with Article III.

- (c) Failure by the Grantee to submit to HUD either:
  - (i) a complete Revitalization Plan in accordance with subparagraph 3(a), or
  - (ii) a Mixed-Finance Proposal, if applicable, in accordance with subparagraph 3(b), may result in all future draw downs under this Grant Agreement being withheld, or termination of this Grant Agreement, in accordance with Article XVI.
- (d) Upon approval by HUD of the Revitalization Plan submitted under subparagraph 3(a) (and thereafter, upon approval by HUD of any Mixed-Finance Proposal which may be submitted under subparagraph 3(b)), the Revitalization Plan, as amended if applicable, will be incorporated by this reference into the HOPE VI Application and this Grant Agreement.
- (e) HUD will have the right to approve conditionally the Revitalization Plan and/or the Mixed-Finance Proposal and/or require the Grantee to engage an alternate administrator if in HUD's opinion the Grantee has not demonstrated in its Revitalization Plan, or Mixed-Finance Proposal if applicable, that it has made necessary arrangements, through staffing and/or contracts, to implement its Revitalization Plan or Mixed-Finance Proposal.
- (f) HUD will monitor and evaluate the goals and outcomes of the community and supportive services workplan.

### ARTICLE III. Amendments and Approvals

1. Subsequent to submission and approval of the Revitalization Plan, as revitalization activities proceed, it is anticipated that the Grantee will refine and amend components of the Revitalization Plan. The Grantee is encouraged to refine and amend the Revitalization Plan, as appropriate, to accomplish the goals of the HOPE VI program. The Grantee, however, may not cause an amendment of the Revitalization Plan by submission of a Mixed-Finance Proposal which is inconsistent with the Revitalization Plan. If a Mixed-Finance Proposal is not consistent with the Revitalization Plan, the Revitalization Plan submitted under Article II, Paragraph 3(a) must be amended and revised in accordance with this Article.

2. Prior approval by HUD is required for the following types of revisions to the Revitalization Plan:

- (a) any substantial change in the performance objectives or activities under the Revitalization Plan to be carried out in accordance with this Grant Agreement (including, without limitation, any substantial change in the performance objectives or activities caused by revisions to the form of program oversight, the Program Schedule, the procedures for community involvement, the management plan, the relocation plan, the Demolition/Disposition Application, or the total number of public housing units and other housing units on-site and off-site subsequent to revitalization and/or development), whether or not there is an associated budgetary revision requiring prior approval;
- (b) an increase or decrease in any line item of the Budget, except as permitted by Article X, paragraph 3(b);

(c) any extension of the period of availability of the HOPE VI grant funds; and

(d) changes in the entities or individuals specified in the Revitalization Plan (including the Mixed-Finance Proposal, if applicable), as having key responsibilities for carrying out the Revitalization Plan or components thereof. Subgranting, subcontracting or otherwise obtaining the services of a third party to perform activities that are central to the purposes of the Revitalization Plan will constitute such a change in entities or individuals.

3. A request for prior approval must be submitted in writing by the Grantee to HUD in the manner provided for in 24 CFR 85.30(f).

4. The Grantee also will obtain HUD's approval before it approves a change requested by a subgrantee which falls within any of the itemized categories listed in paragraph 2 above.

5. Approved changes will be effected by execution of an amendment to this Grant Agreement, consisting of a revised Form HUD-1044 cover sheet and any attached documents needed to define the changes.

#### ARTICLE IV. Covenants and Conditions.

1. The Grantee will carry out the Revitalization Plan in compliance with this Grant Agreement, and in accordance with the provisions of the HOPE VI Application, the HOPE VI Requirements, and any other applicable State and local laws, regulations, and requirements. The Grantee accepts responsibility for requiring, and monitoring, such compliance by all other entities to which it makes grant funds available.

2. The Grantee will enter into a binding GC Contract, with activities to commence thereunder, within 18 months from the date of HUD's written approval of the Revitalization Plan; but in no event may this time period exceed 24 months from the date of execution of the Grant Agreement. Completion of construction under the GC Contract must be accomplished within 48 months from the date of HUD's written approval of the Revitalization Plan; but in no event may such time period for completion exceed 54 months from the date of execution of the Grant Agreement.

3. The Grantee agrees that the units which are the subject of the Revitalization Plan are expected to be sustainable over the long term and will carry out the Revitalization Plan with said expectation as a primary objective. The Grantee agrees to administer and operate, or cause the administration and operation, of the public housing units in accordance with all existing public housing rules and regulations, except as otherwise permitted in accordance with Article IX of this Grant Agreement.

4. The Grantee will provide suitable, decent, safe and sanitary housing to each resident required to relocate temporarily to permit work to be carried out at the Development and also will provide relocation assistance to such residents. The Grantee may satisfy these requirements by taking measures as described in 24 CFR 968.108 and the Tenant Assistance, Relocation and Real Property Acquisition Handbook 1378, Changes 1 and 2 (as the same may be modified or amended from time to time), or as otherwise approved in writing by HUD.

5. (a) the Grantee will comply with the provisions of section 18 of the 1937 Act and with 24 CFR part 970 and the provisions of its approved Demolition/Disposition Application, unless otherwise approved by HUD in writing.

(b) the Grantee will not take, or permit to be taken, any action to demolish or dispose of the Development or any portion thereof until

(i) a Demolition/Disposition Application is approved in writing by HUD, and

(ii) approval of demolition has been obtained from any other agencies and/or governmental bodies from which approval to demolish may be required.

6. The next annual statement and revised five-year action plan submitted by the Grantee for funding under the comprehensive grant program (24 CFR part 968, subpart C) will reflect the use of HOPE VI grant funds for the Revitalization Plan. Costs of activities funded under the HOPE VI grant will not be duplicated in the Grantee's annual statement and revised five-year action plan submitted under the comprehensive grant program.

7. The Grantee will comply with the provisions of section 202 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134, approved on April 26, 1996) and any implementing regulations, as applicable to any property assisted under this Grant Agreement, and will cause the Revitalization Plan to constitute an acceptable plan under section 202, if so required.

8. In its accounts and recordkeeping, the Grantee will not commingle HOPE VI grant funds with funds from any other sources including, but not limited to, other HUD program funds or funds from other Federal, State or local government agencies. (Such other funds may be used to carry out the Revitalization Plan, so long as they are not commingled in the Grantee's accounts and recordkeeping.) The Grantee also will ensure that HOPE VI grant funds are not used to duplicate work which is funded under any other Federal program, or from any other source of funding under the Revitalization Plan, and will establish controls to assure non-duplication of funding.

9. The Grantee will not provide to the Development or any off-site replacement housing more assistance under the HOPE VI Program than is necessary to provide affordable housing after taking into account other governmental assistance provided. Such determination will be made on the basis of a Subsidy Layering review, as required by the HUD Reform Act.

10. The Grantee will use its best efforts to pursue and enforce any commitment (including commitments for services) from any public or private entity for any contribution or commitment to the Development or surrounding area which is described in the HOPE VI Application.

11. No HOPE VI grant funds may be used to pay (or provide reimbursement for payment of) the salary of a consultant at more than the daily equivalent of the maximum rate paid to level IV of the Executive Schedule for Federal Employees. Consultant services provided under an independent contractor relationship are governed by the procurement requirements in 24 CFR 85.36 and the principles of cost reasonableness contained in OMB Circular A-87.

12. The Grantee will comply with, and be subject to, the requirements, policies and standards set forth in 24 CFR part 85 (administrative requirements) and OMB Circular A-87 (Cost Principles) (except as any of the above-mentioned requirements are specifically modified by the provisions of this Grant Agreement pursuant to regulations applicable to the Revitalization Plan) as the same may be amended from time to time.

13. (a) The Grantee is permitted to enter into subgrants for the performance of self-sufficiency activities under the Revitalization Plan, with for-profit, non-profit entities or state or local governments (as defined in 24 CFR part 85) which were named in the Grantee's application submission in response to the NOFA, subject to the provisions of this Article and Article XIV. The Grantee must obtain HUD approval prior to entering into any other subgrants.

(b) The Grantee will be responsible for ensuring that subgrantees are aware of the requirements imposed upon them by Federal statutes and regulations and this Grant Agreement and for ensuring that subgrants include any clauses required by Federal statutes and executive orders, and their implementing regulations. The Grantee will monitor such compliance by all subgrantees. As a condition of HUD's execution of this Grant Agreement, and prior to the draw down of any funds for payment to a subgrantee, the Grantee will submit to HUD for approval a copy of any subgrant agreement executed between the Grantee and any subgrantee intended to receive HOPE VI implementation grant funds.

(c) State or local government subgrantees are subject to, and required to comply with, the uniform administrative requirements contained in HUD regulations at 24 CFR part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments) and the cost principles of OMB Circular A-87 (Cost Principles for State, Local and Indian Tribal Governments).

(d) Non-profit subgrantees are subject to, and required to comply with, the provisions and standards set forth in the regulations at 24 CFR part 84 (Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations) and OMB Circular A-122 (Cost Principles for Non-Profit Organizations).

(e) For-profit subgrantees are required to comply with, the uniform administrative requirements contained in HUD regulations at 24 CFR part 84 and the contract cost principles and procedures set forth in 48 CFR part 31.

14. The Grantee will cause all subgrantees, contractors and subcontractors to execute an original document in the form of Exhibit A to this Grant Agreement ("Subgrantee/Contractor/Subcontractor Certifications and Assurances") at the time the Grantee executes any contract with any subgrantee or contractor, and at the time any contractor executes any contract with any subcontractor, to provide goods or services under this Grant Agreement. The Grantee will retain the executed original certification together with the executed contract documents.

15. The Grantee, in performance of work at, or in connection with, the Development, agrees to comply with the Davis-Bacon or HUD-determined prevailing wage rate requirements, as applicable, in accordance with section 12 of the 1937 Act. The provisions of 24 CFR part 70, as they may be amended from time to time, will apply to the use of volunteers for activities covered by section 12 of the 1937 Act. In addition, if funds from other Federal programs are used in performance of the Revitalization Plan, the Grantee agrees to comply with all applicable requirements of such programs relating to labor standards. (For example, if community development block grant funds are used in connection with the Revitalization Plan, the labor standards requirements of that program would apply with respect to the portion of work funded thereby.)

16. The Grantee will comply with lead-based paint testing and abatement requirements for HUD-associated housing, as provided for under the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821, et. seq.). The Grantee also will comply with 24 CFR parts 35 and 965 (subpart H) and section 968.110(k), as they may be amended or revised from time to time. If tenant-based assistance is provided, the Grantee also will comply with 24 CFR 982.401(j). Unless otherwise provided, the Grantee will be responsible for testing and abatement activities.

17. The Grantee hereby certifies that no HOPE VI grant funds have been expended, and that none will be expended, for lobbying activities, as prohibited by Section 319 of Public Law 101-121 (which prohibits recipients of Federal contracts, grants, and loans from using appropriated funds for lobbying the Executive or Legislative Branches of the Federal Government), and implemented for HUD at 24 CFR part 87, as the same may be amended from time to time. The Grantee will disclose promptly any commitment or expenditure of non-appropriated funds for lobbying activities if those activities would be prohibited if paid with appropriated funds.

18. The Grantee hereby certifies that neither the Development nor any property identified in the Revitalization Plan for replacement housing is located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards. HUD has relied upon this certification in executing the Grant Agreement in order to comply with the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128). The Grantee also will ensure that no property which hereinafter is identified for replacement housing will be in an area identified by FEMA as having special flood hazards unless:

(a) the community in which the replacement housing is situated is participating in the National Flood Insurance program (see 44 CFR parts 59 through 79), or less than one year has passed since FEMA notification regarding such hazards; and

(b) flood insurance is obtained as a condition of approval of any demolition or disposition application.

19. The Grantee hereby certifies that neither the Development nor any property identified in the Revitalization Plan for replacement housing is located in the Coastal Barrier Resources System. HUD has relied upon this certification in executing the Grant Agreement in order to comply with the Coastal Barrier Resources Act (16 U.S.C. 3601). The Grantee also will ensure that no property which hereinafter is identified for replacement housing will be in the Coastal Barrier Resources System.



20. The Grantee hereby certifies the Application submitted in response to the NOFA was consistent with Environmental Justice Executive Order 12898 and acknowledges that HUD has relied upon this certification in executing the Grant Agreement. The Grantee will ensure that the proposed public housing under the Revitalization Plan will be developed only in environmentally sound and desirable locations and will avoid disproportionately high and adverse environmental effects on minority and low-income communities.

21. (a) The Grantee acknowledges that the Development currently is subject to an Annual Contributions Contract ("ACC") with HUD and that the ACC will remain in full force and effect with respect to the Development.

(b) If the Revitalization Plan includes a Mixed-Finance Proposal, the Grantee will enter into a Mixed-Finance ACC Amendment with HUD in accordance with Subpart F, unless otherwise directed by HUD to enter into a HOPE VI Mixed-Finance Grant Agreement Addendum and a special form of ACC Amendment applicable to the Development and any off-site public housing.

22. The Grantee will assemble a competent implementation team to assist the Grantee in negotiating with the Grantee's partners and collaborators and coordinating all phases of the development process. HUD reserves the right to require a Grantee to procure program management services from an independent private entity.

23. The Grantee will comply with all other terms and conditions HUD may establish to administer, monitor or evaluate the HOPE VI program in an effective and efficient manner. Notwithstanding the foregoing, however, except as provided in Article XVII, HUD hereafter will not establish any additional terms and conditions without:

(a) consideration of the burden imposed on the Grantee by such conditions or requirements;

(b) consideration of the availability of less burdensome conditions or requirements; and

(c) in the case of a term or condition applicable solely to the Grantee, prior consultation with the Grantee.

24. The Grantee will ensure that a Cooperation Agreement is executed or remains in effect (as it may be amended) with regard to the Development and any replacement units developed as public housing.

#### ARTICLE V. Period for Expending Grant Funds/Program Schedule.

All activities funded under a HOPE VI implementation grant must be carried out within the time periods specified in the Program Schedule, as approved by HUD. Any modification to any date or time period set forth in the Program Schedule, in excess of 15 calendar days from the date previously approved by HUD, must be approved in writing by HUD. In addition, any substantial change in performance objectives or activities under the Revitalization Plan caused by revisions to the Program Schedule must be effectuated by execution of an amendment to the Grant Agreement, as required by Article III.

## ARTICLE VI. Environmental Review.

1. The Grantee will not carry out activities with respect to the Development, or with respect to any off-site replacement public housing, under this Grant Agreement, until an environmental review has been conducted on each affected site.

2. The responsible entity, as defined in 24 CFR 58.2(a)(7), must assume the environmental responsibilities for projects being funded by HOPE VI. If the PHA objects to the responsible entity conducting the environmental review, on the basis of performance, timing or compatibility of objectives, HUD will review the facts and determine who will perform the environmental review. At any time, HUD may reject the use of a responsible entity to conduct the environmental review in a particular case on the basis of performance, timing or compatibility of objectives, or in accordance with 24 CFR 58.77(d)(1). If a responsible entity objects to performing an environmental review, or if HUD determines that the responsible entity should not perform the environmental review, the HUD may designate another responsible entity to conduct the review or may itself conduct the environmental review in accordance with the provisions of 24 CFR part 50. After selection by HUD for Joint Review, the PHA shall provide any documentation to the responsible entity (or HUD, where applicable) that is needed to perform the environmental review.

3. Where the environmental review is completed before HUD approval of the HOPE VI Revitalization Plan (RP) and the PHA has submitted its Request for Release of Funds (RROF), the RP approval letter shall state any conditions, modifications, prohibitions, etc. as a result of the environmental review. The Grantee must carry out any mitigating measures required by HUD, or select an alternate eligible property if permitted by HUD.

4. Where the environmental review is not completed and/or the PHA has not submitted the RROF before HUD approval of the RP, the RP approval letter shall instruct the PHA to refrain from undertaking, or obligating or expending funds on, physical activities or other choice-limiting actions, until HUD approves the PHA's RROF and the related certification of the responsible entity (or HUD has completed the environmental review). The RP approval letter also shall advise the PHA that the approved RP may be modified on the basis of the results of the environmental review.

5. In accordance with 24 CFR 58.23, the costs of environmental reviews, including costs incurred in complying with any of the related laws and authorities cited in 24 CFR 58.5 and 58.6, are eligible costs under the HOPE VI Program.

ARTICLE VII. Covenants and Conditions Relating to Design, Contracting, Construction, Rehabilitation, New Development, and other Replacement Housing Issues.

1. The units which are the subject of the Revitalization Plan are expected to be sustainable over the long term. Therefore, the Grantee is encouraged to develop physical structures which serve the needs of public housing residents over the long term and which have the lowest possible life-cycle costs, taking into account future operating and replacement costs as well as original capital investments. Physical structures also should be designed, constructed and equipped so as to improve or harmonize with the neighborhoods they occupy, meet contemporary standards of modest comfort and livability, and be attractive and marketable to the people they are intended to serve. Building design and construction should strive to encourage in the residents a proprietary sense, whether or not homeownership is intended or contemplated; and insure accessibility and visitability for persons with disabilities. The Grantee's management policies shall include granting reasonable accommodations in a manner consistent with Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act.

2. (a) HOPE VI funds may be used for eligible expenditures under Section 5 and Section 14.

(b) All program expenditures must be in compliance with all HUD requirements with respect to total development cost limits ("TDC limits").

(c) If the HOPE VI grant funds subject to this Grant Agreement are utilized in conjunction with other HOPE VI funds, development funds, or modernization funds under the Revitalization Plan, the TDC Limits for this HOPE VI grant will apply to the expenditure of all such funds.

3. The Grantee may use no more than \$5,000 per family of HOPE VI grant funds for a self-sufficiency program. The family count shall be the number of families in occupied units to be revitalized at the time of application submission, plus the unduplicated number of families to be placed in replacement Units after revitalization. The Grantee may spend additional sums on a resident self-sufficiency program using donations, HUD funds made available for that purpose, or other PHA funds.

4. For public housing development activity under the Revitalization Plan (whether on-site reconstruction or off-site development), the Grantee will comply with 24 CFR part 941, including Subpart F, unless otherwise approved by HUD in writing.

5. For rehabilitation and physical improvement activities under the Revitalization Plan, the Grantee will comply with 24 CFR 968.112(b), (d), (e) and (g)-(o) and 24 CFR 968.130 and 968.135(b) and (d) (published on March 3, 1996 at 61 FR 8712, 8738), unless as otherwise approved by HUD in writing.

6. For replacement public housing activity under the Revitalization Plan involving homeownership, the Grantee will comply either with (i) section 5(h) of the 1937 Act, and the program regulations at 24 CFR part 906 (unless otherwise approved by HUD in writing), or (ii) essentially the same eligibility requirements established for the Nehemiah Program under sections 603-607 of the Housing and Community Development Act of 1987 (Public Law 100-242), as approved by HUD.

7. For replacement public housing activity under the Revitalization Plan involving the HOPE III programs, the Grantee will comply with 24 CFR 572 unless otherwise approved by HUD in writing.

8. (a) The Grantee will submit to HUD, for prior approval, the contract documents for any contract which exceeds the contract approval threshold amount, if any, established by HUD for the Grantee under the comprehensive grant program, and also will submit for prior approval any modification to such contracts before execution thereof.

(b) The Grantee will obtain prior approval from HUD of any contract if such approval or authorization is required, or requested by HUD, in accordance with 24 CFR 85.36.

(c) The Grantee will submit to HUD, for prior approval, any requests for proposals for program management services and/or requests for proposals or qualifications for development partners prior to advertisement and will submit proposed contracts with respect thereto prior to execution. If any such request for proposals or qualifications was published, or any such contract was executed, prior to the effective date of this Grant Agreement, the Grantee promptly will submit each one to HUD for approval.

(d) Prior to executing any contract, the Grantee must comply with 24 CFR 85.35, must cause all contractors and subcontractors to execute the certificate required by Article IV, paragraph 14, and otherwise comply with 24 CFR part 24.

#### ARTICLE VIII. Covenants and Conditions on Resident and Community Involvement

The spirit of the HOPE VI program is one of full consultation and collaboration among the Grantee, affected residents, and the broader community. The term "affected residents" includes residents of public housing units that are subject to revitalization pursuant to this HOPE VI Grant. The involvement of affected residents and the broader community commenced during the Grantee's preparation of its Application, and shall continue throughout the expenditure of those funds. The Grantee shall consider the advice, counsel, recommendations and input of affected residents and the broader community in its decisionmaking, yet the Grantee has the final decision making authority to assure fiscal responsibility and accountability for grant funds. Where affected residents and/or community representatives are included on selection panels, the Grantee must constitute the majority of the panel membership.

1. Resident Involvement. The Grantee will foster the involvement of and gather input and recommendations from affected residents throughout the entire development process. This involvement of affected residents is broader than resident participation in the Community Task Force provided for in Paragraph 2 of this Article. The Grantee's specific responsibilities for involving affected residents in revitalization efforts include:

(a) providing substantial opportunities for affected residents to provide input, advice, counsel, recommendations, and opinions as the Grantee plans and carries out its revitalization efforts;

(b) providing reasonable resources, as approved by HUD, for technical assistance, training, and capacity building to prepare affected residents to participate meaningfully in the planning and implementation of the Grantee's revitalization efforts;

(c) holding regular meetings with affected residents and their representatives on the status of revitalization efforts and to obtain comments, opinions, advice, and recommendations from affected residents, including:

(i) providing affected residents with reasonable, written notice of the time, place, and agenda for each meetings;

(ii) holding meetings in places that are accessible to persons with disabilities and providing reasonable accommodations to ensure full participation of persons with disabilities; and

(iii) maintaining accurate records of the meetings and actions taken therein;

(d) making documents such as the HOPE VI Application, Grant Agreement, Developer's Agreement, Revitalization Plan, Relocation Plan, Community and Supportive Service Plan, and minutes of meetings with affected residents available on-site at the management office; and

(e) providing affected residents with access to a contact person who can answer their questions about the Grantee's revitalization plans and activities and also insure that affected residents receive accurate information in languages that they understand.

2. Community Involvement. The Grantee shall facilitate and convene a community task force as one means of developing collaboration among the Grantee, affected residents and the broader community. The Grantee also shall provide information to keep the community task force fully apprised of the planning and implementation of revitalization efforts. The community task force shall be comprised of affected public housing residents, local government officials, service providers, community groups, and others. The community task force shall provide advice, counsel and recommendations to the Grantee on all aspects of the HOPE VI development process, including shaping the goals and outcome of the Community and Supportive Services Workplan. Community task force participants also shall disseminate information throughout the community about the Grantee's revitalization efforts. The Grantee's responsibilities with regard to the community task force include:

(a) convening and participating in the community task force and other advisory groups;

(b) ensuring that regular meetings of the community task force are held to apprise participants of the status of the development process and to solicit comments, opinions, advice, and recommendations on the planning and implementation of the Grantee's revitalization efforts, including:

(i) providing participants with reasonable, written notice of the time, place, and agenda for each meeting,

(ii) holding meetings in places that are accessible to persons with disabilities and providing reasonable accommodations to ensure full participation of persons with disabilities, and

(iii) maintaining accurate records of the meetings and actions taken therein;

(c) making the HOPE VI Application, Grant Agreement, Developer's Agreement, Revitalization Plan, Relocation Plan, Community and Supportive Service Plan, and minutes of community task force meetings available to members of the community task force for review; and

(d) if requested by HUD, entering into a memorandum of understanding with the members of the community task force setting forth the manner and frequency of task force meetings, the method (if any) for designating resident and community participants, and the issues that the task force will discuss and develop.

#### ARTICLE IX. Revitalized Public Housing.

The Development to be revitalized is a public housing development. Accordingly, certain activities under the Revitalization Plan are subject to statutory requirements applicable to public housing developments under the 1937 Act, other statutes and the ACC. Within such restrictions, HUD seeks innovative solutions under HOPE VI to the long-standing problems of distressed developments. In order to obtain HUD's approval to satisfy any particular statutory requirement, without taking the measures described in implementing regulations, the Grantee must submit a request with sufficient information and justification to enable HUD to make a determination of good cause for granting any such request to deviate from existing regulations.

Until such time as the Grantee requests and HUD, in its discretion, approves any such requests in writing, the Grantee does not have authority to implement the activities described in the HOPE VI Application to which the request for approval applies (or for which a request for approval is needed). For the purposes of this Grant Agreement, such activities are ineligible and deemed removed from the Revitalization Plan until such time, if at all, as HUD approves a request as provided above or the regulations are modified to permit the activities as described in the HOPE VI Application. Grantees will be permitted greater latitude if, in the future, Congress determines to reduce or modify such statutory restrictions affecting either public housing in general or the developments to be revitalized with HOPE VI funds in particular.

Various issues have been raised by grantees in their HOPE VI Applications as areas in which innovation is sought. To facilitate these efforts, HUD is providing the following general guidance. Specific requests made by grantees in their Revitalization Plan will be responded to in writing by HUD, in the letter approving the Revitalization Plan, or Mixed-Finance Proposal if applicable), or otherwise.

1. Site and Neighborhood Standards for Replacement Housing. (a) The HOPE VI program provides resources to address the needs of severely distressed public housing developments within an administrative framework of less intrusive federal oversight and increased reliance on informed local decision making. HOPE VI grants are made so that grantees may develop and implement comprehensive strategies that address not only the physical and management needs of the developments, but also the social and economic needs of the residents and surrounding community. Grantees are expected to ensure that their Revitalization Plans will expand assisted housing opportunities in non-poor and non-minority neighborhoods and/or will accomplish substantial revitalization in the Development and its surrounding neighborhood. Grantees are also expected to ensure that eligible households of all races and ethnic groups will have equal and meaningful access to the housing.

(b) The fundamental goal of HUD's fair housing policy is to make full and free housing choice a reality. Housing choice requires that households of all races can freely decide the type of neighborhood where they wish to reside, that minority neighborhoods are no longer deprived of essential public and private resources, and that stable, racially mixed neighborhoods are available as a meaningful choice for all. To make full and free housing choice a reality, sites for HUD-assisted housing investment should be selected so as to advance two complementary goals:

(i) expand assisted housing opportunities in non-minority neighborhoods, opening up choices throughout the metropolitan area for all assisted households; and

(ii) reinvest in minority neighborhoods, improving the quality and affordability of housing there to represent a real choice for assisted households.

(c) A grantee must comply with the Fair Housing Act and Title VI of the Civil Rights Act of 1964, and regulations thereunder, in determining the location of any replacement housing. A grantee may, at its election, separately with regard to each site it proposes, comply with the development regulations regarding site and neighborhood standards (24 CFR 941.202 (b)-(d)), or with the site and neighborhood standards contained in this paragraph 1.

(d) Because the objective of the HOPE VI program is to alleviate distressed conditions at the Development and in the surrounding neighborhood, replacement housing under HOPE VI which is located on the site of the existing Development or in its surrounding neighborhood will not require independent approval under site and neighborhood standards.

(e) Unless the grantee demonstrates that there are already significant opportunities in the metropolitan area for assisted households to choose non-minority neighborhoods (or these opportunities are under development), HOPE VI replacement housing not covered by paragraph (d) may not be located in an area of minority concentration (as hereinafter defined) without the prior approval of HUD. Such approval may be granted if the grantee demonstrates to the satisfaction of HUD that:

(i) the HOPE VI grantee has made determined and good faith efforts, and found it impossible with the resources available, to acquire an appropriate site(s) in an area not of minority concentration;

(ii) the replacement housing, taking into consideration both the community and supportive services or other revitalizing activities included in the Revitalization Plan, and any other revitalization activities in operation or firmly planned, will contribute to the stabilization or improvement of the neighborhood in which it is located, by addressing any serious deficits in services, safety, economic opportunity, educational opportunity, and housing stock; or

(iii) the replacement housing is located in a neighborhood which is not an area of high poverty rate (30 percent or more).

(f) HUD recognizes that in some metropolitan areas, factors including the cost of land, jurisdictional limits or political opposition may make it extremely difficult for grantees to acquire and develop non-impacted sites. A grantee seeking approval under condition (e)(i) above should detail its efforts with sufficient specificity that HUD may determine whether it can contribute other resources, such as additional funding or legal assistance, to assist the grantee in utilizing a non-impacted site. Grantees experiencing or anticipating difficulty are strongly encouraged to consult with HUD prior to concluding that they have demonstrated impossibility.

(g) An "area of minority concentration" is any neighborhood in which the percentage of households in a particular racial or ethnic minority group is at least 20 points higher than the percentage for the housing market area as a whole *or* in which the neighborhood's total percentage minority is at least 20 points higher than the percentage for the housing market area as a whole.

(h) A replacement housing plan submitted under Section 18 of the 1937 Act which provides for replacement housing not at the Development or in the surrounding neighborhood need not identify a site or census tract. Such identification must be given at the time approval is sought under paragraph (e).

2. Admission to Redeveloped HOPE VI Units. The 1937 Act applies to public housing units, including the Development to be revitalized and any replacement units developed as public housing. One intent of the HOPE VI Program is to explore alternative methods for operating successfully revitalized public housing within the statutory framework, including the Fair Housing Act and Title VI of the Civil Rights Act of 1964.

(a) Preferences for Admission. (i) A grantee is permitted to establish a local system of preferences in accordance with applicable HUD requirements.

(ii) Grantees are reminded that they must comply with all applicable civil rights requirements, including with the Fair Housing Act and Title VI of the Civil Rights Act of 1964 and regulations thereunder in adopting any local preference. Because of the overriding importance of fair housing rights and the likelihood of private litigation or a public enforcement action if fair housing laws are violated, grantees are strongly encouraged to consult with HUD (including Fair Housing staff) prior to establishing preferences which may involve fair housing issues (such as neighborhood preferences).

(b) Resident Screening. A grantee is permitted to implement a screening process which utilizes a resident advisory board and/or advisory board. However, a grantee must establish objective and reasonable criteria to determine if an applicant is likely to be a suitable resident and must develop adequate procedures to verify information concerning each applicant. A grantee also should amend its admissions policies to reflect any such changes in its procedures.

(c) Income Limits. Section 16(b)(2) of the 1937 Act provides that not more than 25 percent of the dwelling units in any project will be available for occupancy by low-income families other than very low-income families. HUD does not have the authority to waive this statutory provision, but has not issued implementing regulations.



3. Sub-jurisdictional Waiting Lists. A grantee may establish a separate, subjurisdictional (site-based) waiting list provided that the method of establishment and operation complies with the Fair Housing Act and Title VI of the Civil Rights Act of 1964 and regulations thereunder. Subjurisdictional waiting lists require the approval of HUD's Office of Fair Housing and Equal Opportunity before implementation. (Approval is not required if the grantee already has received approval for a PHA-wide site-based waiting list.) Also, a grantee which utilizes a sub-jurisdictional waiting list shall adopt, in writing, a strategy for affirmatively marketing the site. This affirmative marketing strategy shall include specific steps to give information to and solicit applications from eligible families in the housing market area who are least likely to apply for the program without special outreach. A copy of the affirmative marketing strategy shall be provided to HUD, upon adoption.

ARTICLE X. Project Budget/Draw downs.

1. (a) Except as provided in paragraph 2 below, no grant funds may be drawn down under this Grant Agreement until the Grantee has submitted the Revitalization Plan required under Article II hereof and received written approval of its Revitalization Plan from HUD.

(b) Furthermore, in no event may grant funds be drawn down under this Grant Agreement until an environmental review has been performed in conformance with requirements in Article VI, except that the costs of environmental reviews are eligible expenses in accordance with an approved Predevelopment Budget (as defined in paragraph 2 below).

2. (a) Prior to receipt of HUD's written approval of the Revitalization Plan, the Grantee may submit a predevelopment budget ("Predevelopment Budget") for the purpose of requesting grant funds for predevelopment costs. Upon written approval by HUD of the Predevelopment Budget (with any modifications required by HUD), funds may be drawn down for eligible Predevelopment Costs (as defined below), subject to the limitations of subparagraph 1(b), in accordance with the provisions of this Grant Agreement.

(b) Eligible predevelopment costs ("Predevelopment Costs") under the Predevelopment Budget may include funds for:

(i) administration, and fees and costs for the purpose of hiring additional staff and re-allocating existing staff (provided that such costs are allocable to employees of the Grantee who devote at least 25 percent of their work hours to HOPE VI activities), and procuring goods and services in connection with eligible Predevelopment Costs;

(ii) resident relocation; including mobility counseling;

(iii) costs associated with carrying out environmental reviews, in accordance with 24 CFR 58.23; and

(iv) site remediation and demolition costs, provided that HUD has notified the Grantee in writing of the approval of the Grantee's Demolition/Disposition Application.

(c) The Predevelopment Budget must be on Form HUD-52825-A, Parts I and II ("Budget Form") and must include a detailed description of the uses of the funds on Part II.

3. (a) The Grantee will ensure that grant funds are expended for the Revitalization Plan in accordance with the budget, submitted on the Budget Form as part of the Revitalization Plan (including the budget for any phase of a Mixed-Finance Proposal, if applicable; a "Budget") and the HOPE VI Requirements.

(b) The Grantee (1) without HUD approval, may cumulatively increase or decrease the amount for any budget line item set forth in the Budget(s) by an amount equal to ten percent of the budget line item amount previously approved in writing by HUD, and

(2) with written HUD approval, may exceed said ten percent limit or request approval of a revised Budget; provided that any such change does not cause, or result from, a revision to the scope or objectives of the Revitalization Plan and that when taking into consideration such modification:

(i) HUD's total grant obligation will not thereby be increased,

(ii) the average per unit hard costs for units to be reconstructed or rehabilitated will not exceed 100 percent of the TDC Limits, and

(iii) the Grantee will comply with the requirements of Article VII, paragraph 3, relating to the percentage of funding which must be expended for specified purposes.

4. (a) Notwithstanding any contrary provisions of 24 CFR 85.21, the Grantee will request all draw downs of grant funds under the Line of Credit Control System - Voice Response System (LOCCS-VRS), unless and until another payment system is designated by HUD. The Grantee will comply with all rules, guidelines and notices established for HOPE VI under the LOCCS-VRS system, or any substitute system, in connection with any draw down of HOPE VI grant funds. If HUD designates a different payment system, it will be based upon the provisions of section 85.21 (subject to the provisions of Article IX).

(b) HUD may withhold payments, in accordance with 24 CFR 85.21(g).

(c) The Grantee agrees that each draw down request by the Grantee will constitute, and be deemed to be, a representation that the Grantee is not in default under this Grant Agreement (except as the Grantee previously may have disclosed to HUD in writing).

(d) After the execution of the Grant Agreement, the Grantee may request a draw down, under an approved Predevelopment Budget or the approved Budget(s), for costs incurred under the Revitalization Plan prior to execution of this Grant Agreement provided that such costs

(i) are eligible and allowable under this Grant Agreement;

(ii) were incurred after the notification of award of this HOPE VI implementation grant was made by HUD; and

(iii) are directly associated with activities to be funded with HOPE VI grant funds under the Revitalization Plan, except that with respect to direct administrative costs, only costs which are allocable to employees of the Grantee who have devoted at least 25 percent of their work hours to HOPE VI activities may be considered.

(e) The Grantee may utilize grant funds, in accordance with the Budget(s), for publication costs of reports or other media relating to grant program accomplishments or results, which will be allowable costs under this Grant Agreement (pursuant to OMB Circular A-87, Schedule B, paragraph 23).

5. No grant funds may be drawn down during any period in which the Grantee has failed to file with HUD any overdue program or financial report.

#### ARTICLE XI. Quarterly Reporting Requirements.

1. (a) The Grantee will submit to HUD, quarterly, a performance report, the form and substance of which will be specified by HUD, no later than 30 calendar days after the end of each quarter.

(b) The Grantee agrees that each quarterly performance report submitted under subparagraph (a) above will constitute, and be deemed to be, a representation that the Grantee is not in default under this Grant Agreement except as disclosed therein.

(c) The Grantee must enter cumulative obligation and expenditure data into LOCCS no later than 30 days after the end of each quarter, whether or not there has been any modification in the cumulative amounts since the end of the last quarter.

2. The Grantee must inform HUD immediately, in writing, of any problems, delays or adverse conditions which will impair materially the Grantee's ability to comply with the Program Schedule, as the same may be revised from time to time as required by HUD or with HUD's approval. Such disclosure must include a statement of action taken, or proposed to be taken, and any assistance needed to resolve the situation.

3. Subject to Article III, paragraph 23, the Grantee will comply with all other reporting requirements from time to time established by HUD, in its sole discretion, in connection with the HOPE VI program. The Grantee will fully cooperate with all reasonable information gathering requests made by HUD's Office of Policy Development and Research in connection with its evaluation of the program, including, without limitation, all post-closeout and post-revitalization reports, in the forms prescribed by HUD, for the period of years designated by HUD. Likewise, the Grantee will cooperate with reporting requirements established by the Office of Fair Housing and Equal Opportunity regarding the racial, ethnic or other characteristic of the applicants, participants and beneficiaries of the HOPE VI program. Provided however, that in establishing any such requirements, HUD will consider the burden imposed on the grantees and the availability of less burdensome requirements.

ARTICLE XII. Recordkeeping/Access Requirements/Audits.

1. The Grantee will keep records in accordance with 24 CFR 85.20 that facilitate an effective audit to determine compliance with program requirements, and which fully disclose:

(a) the amount and disposition of funds received under this HOPE VI grant, including sufficient records that document the reasonableness and necessity of each expenditure;

(b) the amount and nature of any other assistance, including cash, services, or other items contributed in accordance with the Revitalization Plan or as a condition of receiving this HOPE VI grant;

(c) any other proceeds received for, or otherwise used in connection with, the Revitalization Plan; and

(d) fair housing and equal opportunity data, including racial and ethnic beneficiary data, information on the affirmative marketing strategy and any other information to demonstrate compliance with the fair housing and equal opportunity requirements of this program as identified in Article XV.

2. The Grantee will comply with and be subject to

(a) the retention and access requirements for records under 24 CFR 85.41; and

(b) the non-Federal audit requirements under 24 CFR 85.26, including, without limitation, the requirements relating to each subgrantee to which the Grantee provides \$300,000 or more of HOPE VI grant funds in any fiscal year.

3. For the purpose of audit, examination, monitoring, and evaluation, the Grantee will give HUD (including any duly authorized representatives and the Inspector General) access, and will ensure that any participating party will give HUD such access, to any books, documents, papers, and records of the Grantee, or such participating party, that are pertinent to assistance received under this HOPE VI grant or under the Revitalization Plan, including all records required to be kept by paragraph 1 of this Article.

4. The Grantee acknowledges and agrees that HUD, or its designees, may conduct site visits as deemed necessary by HUD based upon the Grantee's needs under the Revitalization Plan or the needs of the HOPE VI program. Technical assistance site visits may be provided by HUD or its designees

(a) in response to requests from the Grantee;

(b) based upon demonstrated needs of the HOPE VI program; or

(c) as provided in Article XVII.

### ARTICLE XIII. Project Closeout

1. Within 30 days after completion of all activities to be performed utilizing HOPE VI grant funds under the Revitalization Plan, the Grantee will initiate Termination of Disbursements in accordance with procedures established by HUD.

2. Within 90 days after completion of all activities to be performed utilizing HOPE VI grant funds under the Revitalization Plan, the Grantee will initiate Preliminary Closeout by submitting documents as required by HUD. At HUD's option, the Grantee may delay initiation of Preliminary Closeout until the resolution of any HUD monitoring findings. If HUD exercises this option, the Grantee must promptly resolve the findings. Preliminary Closeout documents will include:

(a) Final HOPE VI Budget

(b) Final Financial Report, in accordance with procedures established by HUD.

(c) Actual HOPE VI Cost Certificate (AHCC) (Form HUD-53001-A), which summarizes the information on the Final Financial Report, and serves as the document that officially closes out the grant. The AHCC will provide for recapture of any unexpended HOPE VI grant funds and include the Grantee's agreement to abide by any continuing Federal requirements, including, without limitation, submission of all post-closing and post-revitalization reports, completion of any activities under the Revitalization Plan which were funded from sources other than HOPE VI grant funds and submission of all documentation required pursuant to paragraph 2 which could not be submitted prior to Grant Fund Closeout because of utilization of such other sources of funds.

3. At such time as it is performed, the Grantee must forward its final audit of grant funds to HUD for approval.

4. When HUD has determined to its satisfaction that the expenditure of grant funds was allowable, the activities to be completed utilizing HOPE VI grant funds were completed as required by the Grant Agreement, and all Federal requirements were satisfied, the designated HUD official will execute the AHCC.

5. Within 90 calendar days after completion of all activities under the Revitalization Plan, including those activities not performed with HOPE VI grant funds, the Grantee must submit a Post-Grant Report to HUD, in accordance with procedures established by HUD.

6. The Grantee acknowledges that the Grant Fund Closeout process may entail a review by HUD to determine the Grantee's compliance with the Grant Agreement. The Grantee will cooperate with any review, including by making available records requested by HUD and facilitating on-site inspection of the Development.

#### ARTICLE XIV. Conflict of Interest.

1. In addition to the conflict of interest requirements in 24 CFR part 85, no person who is an employee, agent, consultant (but excluding an independent contractor), officer, or elected or appointed official of the Grantee and who exercises or has exercised any functions or responsibilities with respect to activities assisted under this HOPE VI grant, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure or for one year thereafter. (A person who is, or was, an independent contractor to the Grantee is not covered by this conflict of interest provision and, therefore, is not barred by this provision from competing for future contracts.)

2. HUD may grant an exception to the exclusion in paragraph 1 of this Article on a case-by-case basis when it determines that such an exception will serve to further the purposes of HOPE VI and its effective and efficient administration. An exception may be considered only after the Grantee has provided a disclosure of the nature of the conflict, accompanied by (i) an assurance that there has been public disclosure of the conflict, (ii) a description of how the public disclosure was made and (iii) an opinion of the Grantee's attorney that the interest for which the exception is sought does not violate State or local laws. In determining whether to grant a requested exception, HUD will consider the cumulative effect of the following factors, where applicable:

(a) whether the exception would provide a significant cost benefit or an essential degree of expertise to the Revitalization Plan that would otherwise not be available;

(b) whether an opportunity was provided for open competitive bidding or negotiation;

(c) whether the person affected is a member of a group or class intended to be the beneficiaries of the Revitalization Plan and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(d) whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process, with respect to the specific activity in question;

(e) whether the interest or benefit was present before the affected person was in a position as described in paragraph 1 of this Article;

(f) whether undue hardship will result either to the Grantee or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(g) any other relevant considerations.

## ARTICLE XV. Applicability of Other Federal Requirements.

The following Federal requirements are applicable to HOPE VI. The Grantee will comply with all of the applicable requirements of the following, as the same may be amended from time to time:

1. the Fair Housing Act (42 U.S.C. 3601-19) and regulations pursuant thereto (24 CFR part 100); Executive Order 11063 (Equal Opportunity in Housing) and regulations pursuant thereto (24 CFR part 107); and the fair housing poster regulations (24 CFR part 110);
2. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and regulations pursuant thereto (24 CFR part 1) relating to non-discrimination in housing;
3. the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and regulations issued pursuant thereto (24 CFR part 146);
4. the prohibitions against discrimination on the basis of disability (including requirements that the Grantee make reasonable modifications and accommodations and make units accessible) under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and regulations issued pursuant thereto (24 CFR part 8); the Americans with Disabilities Act (42 U.S.C. 12101 et seq. and its implementing regulation at 28 CFR part 36; and the Architectural Barriers Act of 1968, as amended (42 U.S.C. 4151) and regulations issued pursuant thereto (24 CFR part 40);
5. section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Employment Opportunities for Lower Income Persons in Connection with Assisted Projects) and its implementing regulation at 24 CFR part 135;
6. Executive Orders 11246, 11625, 12432, and 12138. Consistent with HUD's responsibilities under these Orders, the Grantee must make efforts to encourage the use of minority and, women's business enterprises in connection with funded activities;
7. section 102 of the Department of Housing and Urban Development Reform Act of 1989, as implemented at 24 CFR part 4, subpart A which contains provisions designed to ensure greater accountability and integrity in the provision of certain types of assistance administered by HUD;
8. 24 CFR part 24, which applies to the employment, engagement of services, awarding of contracts, subgrants, or funding of any recipients, or contractors or subcontractors, during any period of debarment, suspension, or placement in ineligibility status; and
9. the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and government wide implementing regulations at 49 CFR part 24.

ARTICLE XVI. Technical Assistance and Training Requirements.

The Grantee will use best efforts to attend any training or accept any technical assistance provided by HUD, and will obtain any technical assistance required by HUD, with respect to carrying out the Revitalization Plan pursuant to this Grant Agreement. HUD intends to consult with grantees to determine their technical assistance and training needs. HUD also intends to carry-out further assessments of the HOPE VI Application through on-site visitation. Should technical assistance be deemed necessary as a result of the visitation activity, HUD may at its discretion provide a technical assistance provider to work with the Grantee.

ARTICLE XVII. Unsatisfactory Performance/Default.

1. (a) The Grantee acknowledges and agrees that HUD may impose special conditions or restrictions upon the Grantee in accordance with this paragraph 1, with which the Grantee will comply, in order to ensure that all activities and expenditures of grant funds under the Revitalization Plan are properly and efficiently carried out. HUD may impose such conditions or restrictions if HUD determines that the performance of the Grantee, or any subgrantee, under this Grant Agreement is unsatisfactory (whether or not the Grantee is in default in accordance with paragraph 2 below).

(b) The special conditions or restrictions which HUD may impose include the following:

(i) withholding authority to proceed to the next phase of activities until receipt of evidence of acceptable performance within a given funding period;

(ii) requiring additional, more detailed financial reports;

(iii) additional project monitoring;

(iv) requiring the Grantee (or subgrantee) to obtain technical or management assistance; or

(v) establishing additional prior approvals.

(c) If HUD decides to impose any such conditions or restrictions upon the Grantee (or subgrantee), HUD will notify the Grantee (or subgrantee) in writing, as early as possible. Such notice will contain the following information:

(i) a description of the special conditions or restrictions;

(ii) the nature of the unsatisfactory performance and the reason for imposing such special conditions or restrictions;

(iii) the corrective actions which must be taken before the conditions or restrictions will be removed, and the time allowed for completing the corrective actions; and

(iv) the method for requesting reconsideration of the conditions or restrictions imposed.



2. Each of the following events or occurrences, to the extent it constitutes a material breach or occurrence, will constitute a default by the Grantee under this Grant Agreement:

(a) use of grant funds for any purpose, in any manner or at any time, other than as authorized by this Grant Agreement;

(b) failure to comply with the HOPE VI Requirements or any other Federal, State or local laws, regulations or requirements applicable in implementing the Revitalization Plan;

(c) failure to make any submission, perform any obligation or otherwise comply with any requirement under Article II, paragraph 3 within the specified time period;

(d) failure to proceed in a manner consistent with the Revitalization Plan (including, without limitation, failure to accomplish an activity by the date specified in the Program Schedule for any interim performance measure);

(e) any material misrepresentation in the HOPE VI Application or under this Grant Agreement, including, without limitation, any misrepresentations under Article X, paragraph 4(c) or Article XI, paragraph 1(b);

(f) failure to comply with, or any material breach of, any other covenants, conditions or terms of this Grant Agreement; or

(g) a default by the Grantee under the ACC, which default relates to the Development or the Grantee's ability to perform all of its obligations under this Grant Agreement.

3. (a) HUD will give the Grantee written notice of any default. The Grantee will have the opportunity to cure such default within 30 days of the date of said notice, or to demonstrate within said time period, by submitting substantial evidence satisfactory to HUD, that it is not in default. If the default is not susceptible of being cured within said 30 day period, the Grantee will demonstrate, to HUD's satisfaction, that the Grantee has taken actions necessary to cure the default and that the default is curable within 90 days from the date of the default notice. Additionally, the Grantee must covenant to prosecute such cure diligently and complete such cure within said 90 day period.

(b) Notwithstanding the provisions of subparagraph (a) above, if default is caused by failure to submit a Revitalization Plan (including failure to submit a Mixed-Finance Proposal, if applicable) acceptable to HUD within the time period required by this Grant Agreement, HUD at its sole discretion may either

(i) require the Grantee, within a time period established by HUD, to submit an acceptable Revitalization Plan, or

(ii) institute any of the remedies under paragraph 5 below, without any grace period.

(c) Notwithstanding the provisions of subparagraph (a) above concerning the opportunity to cure defaults, if HUD determines, in HUD's sole discretion, that there is an imminent threat that the Grantee will expend additional grant funds in violation of the provisions of this Grant Agreement, HUD may implement the remedial action provided for under subparagraph 4(c) of this Article to prevent any such unauthorized expenditure until such time as the Grantee has complied with the cure provisions set forth above. HUD will implement such remedial action by written notice set forth either in the notice of default given under subparagraph 3(a) above or by subsequent written notice to the Grantee.

4. If the Grantee fails to cure all defaults specified in the notice of default within the time periods set forth in subparagraph 3(a) above, or fails to diligently pursue or complete any cure as provided in subparagraph 3(a), HUD may take any of the following remedial actions, upon written notice to the Grantee:

(a) require the Grantee, within a time period established by HUD, to prepare a revised Program Schedule, obtain HUD's approval thereto and follow such revised Program Schedule to complete the activities under the Revitalization Plan;

(b) require the Grantee, within a time period established by HUD, to revise its management plan (including, without limitation, changing the managing entity), relocation plan, Demolition/Disposition Application, or any other activity under the Revitalization Plan in order to successfully complete the activities under the Revitalization Plan in a manner satisfactory to HUD, including, without limitation, exclusion or revision of affected activities, revision of the Budget(s) as necessary, and substitution of other eligible activities;

(c) temporarily suspend the Grantee's authority to draw down grant funds for affected activities, or at HUD's sole discretion for all activities, for not more than ninety (90) days, pending action to cure the defaults;

(d) suspend the Grantee's authority to draw down grant funds under the Line of Credit Control System - Voice Response System (or any subsequent method of disbursement) and prohibit payment or reimbursement for all grant activities or, if more appropriate (in HUD's sole discretion), only for those activities affected by the default, for an unspecified period of time pending final remedial action by HUD;

(e) disallow use of grant funds for all or part of the cost of the activity or action not in compliance;

(f) recapture amounts determined by HUD to have been improperly expended;

(g) require reimbursement by the Grantee for grant funds improperly expended; and

(h) require the Grantee to contract with an alternate administrator, acceptable to HUD in its sole discretion, for the Revitalization Plan.

5. If HUD determines that the remedial actions taken by HUD under paragraph 4 above have not been effective in curing the default, or if the Grantee has not complied with the requirements imposed by HUD under paragraph 4 and has not otherwise cured the default, or if HUD exercises its discretion under subparagraph 3(b) to institute any of the following actions, HUD may take any of the following remedial or enforcement actions (in addition to any of the remedies permitted under paragraph 4) upon written notice to the Grantee:

(a) petition for the appointment of a receiver (which may be a public housing agency, a private management corporation, or some other entity) for the HOPE VI Development to any district court of the United States or to any court of the State in which the Development is located;

(b) change the method of payment from Line of Credit Control System - Voice Response System to some other available method of payment (e.g., payments involving HUD manual review and approval of every draw request, or one which permits draws only on a reimbursement basis);

(c) reduce the HOPE VI grant in the amount affected by the default;

(d) terminate the HOPE VI grant as to all further activities and initiate close-out procedures;

(e) withdraw any unobligated balances of funding;

(f) take action against the Grantee under 24 CFR part 24 and Executive Order 12549 with respect to future HUD or Federal grant awards; and

(g) take any other available legal or equitable remedial action, including, but not limited to, any remedial actions available under the Grantee's ACC.

#### ARTICLE XVIII. No Third Party Rights.

3. The Grantee and HUD are the sole parties to this Grant Agreement and do not intend to create any third party beneficiaries to this Grant Agreement. Notwithstanding the provisions set forth in this Grant Agreement concerning consultations with residents and dissemination of information to residents, nothing in this Grant Agreement may be construed as conferring the status of third party beneficiary upon the residents or the community task force; and in no event shall any entity other than the Grantee, have direct rights to the HOPE VI funds provided for under this Grant Agreement.

#### ARTICLE XIX. Effective date.

The effective date of this agreement is the date that HUD executes the cover sheet to this Grant Agreement, Form HUD-1044.

## **FY 1998 HOPE VI REVITALIZATION GRANT AGREEMENT**

### **TABLE OF CONTENTS**

ARTICLE I	Overall Program Objectives and Approach.....	2
ARTICLE II	HOPE VI Application and Revitalization Plan .....	3
ARTICLE III	Amendments and Approvals .....	4
ARTICLE IV	Covenants and Conditions .....	5
ARTICLE V	Period for Expending Grant Funds/Program Schedule.....	9
ARTICLE VI	Environmental Review .....	10
ARTICLE VII	Covenants and Conditions Relating to Design, Contracting, Construction, Rehabilitation, New Development, and other Replacement Housing Issues.....	11
ARTICLE VIII	Covenants and Conditions on Resident and Community Involvement .....	12
ARTICLE IX	Revitalized Public Housing .....	14
ARTICLE X	Project Budget/Draw Downs.....	17
ARTICLE XI	Quarterly Reporting Requirements.....	19
ARTICLE XII	Recordkeeping/Access Requirements/Audits.....	20
ARTICLE XIII	Project Closeout.....	21
ARTICLE XIV	Conflict of Interest .....	22
ARTICLE XV	Applicability of Other Federal Requirements .....	23
ARTICLE XVI	Technical Assistance and Training Requirements.....	24
ARTICLE XVII	Unsatisfactory Performance/Default.....	24
ARTICLE XVIII	No Third Party Rights .....	27
ARTICLE XIX	Effective Date.....	27